

John T. Wilson
State Bar No. 24008284
Michael H. Myers
State Bar No. 24032779
MYERS WILSON P.C.
16660 Dallas Parkway
Suite 2500
Dallas, Texas 75248

ATTORNEYS FOR CREDITORS
THOMAS MONTGOMERY and
LYNDIA COTTON

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
(SHERMAN DIVISION)**

IN RE:	§	
	§	
GARY JOSEPH DERER	§	
	§	
Debtor	§	CASE NO. 07-42352
	§	(Chapter 7)
	§	
	§	
LYNDIA COTTON and THOMAS	§	
MONTGOMERY,	§	
	§	
Plaintiffs,	§	Adversary Proceeding
	§	No. 08-04004
v.	§	
	§	
GARY JOSEPH DERER,	§	
	§	
Defendant.	§	

AFFIDAVIT OF TOM MONTGOMERY

Tom Montgomery appeared in person before me today and stated under oath:

“My name is Tom Montgomery. I am competent to make this affidavit. The facts stated in this affidavit are within my personal knowledge and are true and correct.

In January 2006, I entered into a business venture with Gary Derer and Kenneth Henning, and formed HLM Assurance Group, L.L.C. (“HLM”).

HLM was set up to sell insurance products to clients of Mr. Derer's legal practice. Mr. Derer's legal practice included, but was not limited to, the formation of trusts, wills, and other legal documents associated with financial planning.

Despite the fact that I was a member of HLM, Mr. Derer and Mr. Henning began to limit my access to financial information related to HLM, as well as information related to the disbursement of commissions related to the sale of insurance products through HLM. I requested that Mr. Henning and Mr. Derer allow me to review HLM's business commission records and bank statements, but Mr. Henning and Mr. Derer refused. In further violation of my rights as a member of HLM, Mr. Derer and Mr. Henning demanded that I return my key to the office because Mr. Derer and Mr. Henning felt I was being "too nosey" about HLM's business.

I have reason to believe that Mr. Henning and Mr. Derer began funneling money due to HLM and/or me to numerous other entities that Mr. Henning and/or Mr. Derer had formed after forming HLM. These entities include, but are not limited to, Lemax, L.L.C. ("LEXMAX"); Lexpro, L.L.C.; Foundation for Legal Peace of Mind, L.L.C.; Holy Kingdom Management, L.L.C.; and Holy Kingdom Assurance, L.L.C.

I learned that a client of Mr. Derer, Jordan Massad, claimed that he was missing money from a trust account managed by Mr. Derer. Mr. Derer explained that a former employee, Randy Warren had embezzled approximately \$150,000.00 from Mr. Massad's trust account held by Mr. Derer. Much to my surprise, Mr. Derer did not press charges against Mr. Warren or alert any authorities to Mr. Warren's theft of Mr. Massad's trust account funds.

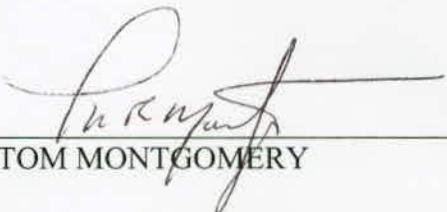
At or about the same time as Mr. Massad's trust account was allegedly stolen from by Mr. Warren, Mr. Derer informed me of his purchase of a new personal vehicle, a new home, and

new furniture for the new home. He also told me of his intention to refund Mr. Massad's trust account with commissions related to the sale of insurance products.

I have reason to believe that Mr. Derer has, with the intent to hinder delay and/or defraud his creditors, transferred, removed, destroyed, mutilated, or concealed his property. Further, believe that Mr. Derer has knowingly and fraudulently made a false oath and/or withheld from an officer of the estate entitled to possession under Title 11 U.S.C. recorded information relating to the his property and/or financial affairs."

Further, Affiant sayeth not.

SIGNED on this the 28th day of July, 2008.



TOM MONTGOMERY

SIGNED under oath before me on this the 28th day of July, 2008.

Printed Name: Susan A. Merritt
My commission expires: 10-16-2011
Notary Public, State of Texas

